



**Auditor of State
Betty Montgomery**

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Putnam District Library
Putnam County
525 North Thomas Street
Ottawa, Ohio 45875-1471

To the Board of Trustees:

We have audited the accompanying financial statements of the Putnam District Library, Putnam County, (the Library) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2004 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the finance committee, management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 4, 2004

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
State Income Taxes	\$ 1,262,628				\$ 1,262,628
General Property Taxes		\$ 35,268			35,268
Intergovernmental Revenues	133	1,993			2,126
Patron Fines and Fees	20,046				20,046
Earnings on Investments	19,943	3,208		\$ 3,191	26,342
Contributions, Gifts and Donations	20,014				20,014
Miscellaneous Receipts	180				180
Total Cash Receipts	1,322,944	40,469		3,191	1,366,604
Cash Disbursements:					
Current:					
Salaries and Benefits	840,665				840,665
Purchased and Contracted Services	89,919			4,213	94,132
Library Materials and Information	133,679				133,679
Supplies	25,552				25,552
Other Objects	7,894	915			8,809
Debt Service:					
Redemption of Principal		65,000			65,000
Interest Payments and Other					
Financing Fees and Costs		15,006			15,006
Capital Outlay	27,516		\$ 33,094	23,982	84,592
Total Cash Disbursements	1,125,225	80,921	33,094	28,195	1,267,435
Total Cash Receipts Over/ (Under) Cash Disbursements	197,719	(40,452)	(33,094)	(25,004)	99,169
Fund Cash Balances, January 1	669,850	161,421	206,793	187,226	1,225,290
Fund Cash Balances, December 31	\$ 867,569	\$ 120,969	\$ 173,699	\$ 162,222	\$ 1,324,459
Reserves for Encumbrances, December 31	\$ 57,211				\$ 57,211

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
State Income Taxes	\$ 1,275,821				\$ 1,275,821
General Property Taxes		\$ 34,279			34,279
Intergovernmental Revenues		3,808			3,808
Patron Fines and Fees	21,230				21,230
Earnings on Investments	28,912	8,995		\$ 6,564	44,471
Contributions, Gifts and Donations	16,113			200	16,313
Miscellaneous Receipts	181				181
	<u>1,342,257</u>	<u>47,082</u>	<u>23,749</u>	<u>6,764</u>	<u>1,396,103</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries and Benefits	918,929				918,929
Purchased and Contracted Services	92,122				92,122
Library Materials and Information	154,583				154,583
Supplies	33,091				33,091
Other Objects	10,047	920		2,813	13,780
Debt Service:					
Redemption of Principal		65,000			65,000
Interest Payments and Other					
Financing Fees and Costs		18,987			18,987
Capital Outlay	36,117		\$ 23,749	3,037	62,903
	<u>1,244,889</u>	<u>84,907</u>	<u>23,749</u>	<u>5,850</u>	<u>1,359,395</u>
Total Cash Disbursements					
Total Cash Receipts Over/ (Under) Cash Disbursements	97,368	(37,825)	(23,749)	914	36,708
Fund Cash Balances, January 1	572,482	199,246	230,542	186,312	1,188,582
Fund Cash Balances, December 31	<u>\$ 669,850</u>	<u>\$ 161,421</u>	<u>\$ 206,793</u>	<u>\$ 187,226</u>	<u>\$ 1,225,290</u>
Reserves for Encumbrances, December 31	\$ 45,939				\$ 45,939

The notes to the financial statements are an integral part of this statement.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Putnam District Library, Putnam County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Putnam County Court of Common Pleas, three members, and the Putnam County Commissioners, four members. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

During 2002 and 2003 the Library had the following investments: Certificates of deposit, U.S. Treasury Notes, Federal Home Loan Mortgage Notes, Federal Home Loan Bonds, and Federal National Mortgage Notes, all of which are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Debt Service Funds

Bond Retirement Fund – used for the accumulation of resources for retirement of the 1986 Library Improvement Bond Issue.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – The fund balance was used for building equipment repairs/replacement and building improvements.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had no nonexpendable trust or agency funds. The Library had the following significant fiduciary fund:

Lila M. Stauffer Trust Fund – received a bequest for the purpose of landscaping, ground maintenance and expansion.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2003</u>	<u>2002</u>
Cash on Hand	\$ 560	\$ 530
Demand Deposits	322,409	823,887
Certificates of deposit	<u>800,000</u>	<u>400,347</u>
Total cash on hand and deposits	<u>1,122,969</u>	<u>1,224,764</u>
STAR Ohio	<u>201,490</u>	<u>526</u>
Total cash on hand, deposits and investments	<u><u>\$ 1,324,459</u></u>	<u><u>\$ 1,225,290</u></u>

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,326,149	\$ 1,182,436	\$ 143,713
Debt Service	81,510	80,921	589
Capital Projects	55,000	33,094	21,906
Fiduciary	29,000	28,195	805
Total	\$ 1,491,659	\$ 1,324,646	\$ 167,013

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,459,397	\$ 1,290,828	\$ 168,569
Debt Service	85,500	84,907	593
Capital Projects	40,781	23,749	17,032
Fiduciary	9,200	5,850	3,350
Total	\$ 1,594,878	\$ 1,405,334	\$ 189,544

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Library Improvement Bonds	<u>\$ 180,000</u>	6.13%

Outstanding general obligation bonds consist of Library Improvement issues, issued in 1986 by the Putnam County Commissioners on behalf of the Library. General obligation bonds are payable from tax levies on all taxable property in Putnam County.

**PUTNAM DISTRICT LIBRARY
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Library Improvement Bonds
2004	\$ 71,025
2005	67,350
2006	63,675
Total	\$ 202,050

6. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Putnam County is a member of the County Risk Sharing Authority, Inc., (CORSA) (the Pool). The Library is included on the County's policy, and consequently reimburses the County for their portion of the premium costs. The Pool assumes the risk of loss up to the Library's limits on the policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Comprehensive general liability;
- Automobile liability;
- Certain property insurance; and
- Public officials' errors and omissions liability insurance.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Putnam District Library
Putnam County
525 North Thomas Street
Ottawa, Ohio 45875-1471

To the Board of Trustees:

We have audited the financial statements of the Putnam District Library, Putnam County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 4, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, management, and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 4, 2004



**Auditor of State
Betty Montgomery**

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PUTNAM DISTRICT LIBRARY

PUTNAM COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 31, 2004**